

Week in review and ahead (vol.35-26)



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Week in review

Global equity markets finished the week mostly higher, supported by another strong round of corporate earnings and renewed enthusiasm surrounding artificial intelligence-related investment spending. Investor sentiment was boosted by Nvidia's latest results, with the semiconductor leader once again delivering a blockbuster earnings report and reinforcing confidence that demand for AI infrastructure remains robust.

However, risk sentiment faded somewhat on Friday following Federal Reserve Chair Kevin Warsh's address at the Jackson Hole Economic Symposium. The speech was interpreted as decisively hawkish, prompting markets to reprice monetary policy expectations. Futures markets reflected an increase in the probability of at least one additional rate hike before year-end, which weighed on equities during Friday's session. While Warsh emphasized that inflation remains above the Federal Reserve's comfort zone and reiterated the importance of the Personal Consumption Expenditures (PCE) index as the Fed's preferred inflation gauge, he stopped short of signaling a rate increase at the September meeting, leaving investors with some uncertainty regarding the timing of any further policy tightening.

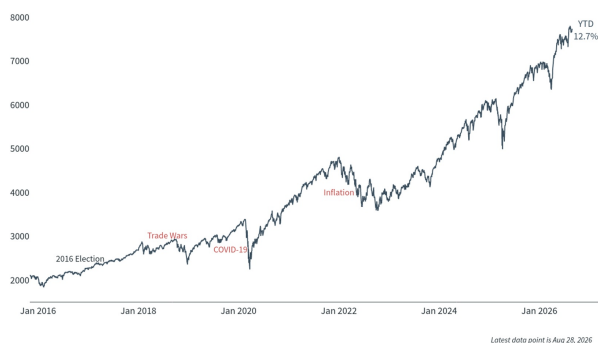
The latest PCE inflation data broadly matched consensus expectations, suggesting that while inflationary pressures continue to moderate gradually, progress toward the Federal Reserve's target (of 2%) remains uncertain. As a result, policymakers generally appear inclined to maintain a cautious stance over inflation.

On the geopolitical front, concerns surrounding the Iran conflict receded somewhat during the week. Energy markets were reassured by reports that the United States has continued to permit limited energy shipments despite its broader blockade measures, while discussions between Iran and Oman regarding the establishment of dedicated maritime shipping corridors raised hopes that supply disruptions through the region may be less severe than previously feared. These developments helped ease some of the risk premium embedded in oil prices and reduced concerns about a renewed energy-driven inflation shock.

Against this backdrop, U.S. equities delivered generally positive returns. The Dow Jones Industrial Average and the S&P 500 each gained 0.5% over the week, while the technology-heavy Nasdaq Composite advanced 0.9%, supported by continued strength in large-cap technology and AI beneficiaries. In contrast, the interest rate-sensitive Russell 2000 declined 1.5%, as higher rate expectations pressured smaller companies that typically rely more heavily on external financing.

Stock Market Performance

S&P 500 Index, recent period



Latest data point is Aug 28, 2026

Sources: Cleonomics,
Standard & Poor's
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International equities produced mixed results. In Asia, Japan (+0.6%) and China (+1.2%) advanced on the back of AI-related optimism, improving investor sentiment, and expectations for continued policy support to bolster economic growth. Hong Kong underperformed, declining 1.6%, as investors remained cautious toward China-exposed sectors and took profits following recent gains. India slipped 0.4% amid concerns surrounding higher energy costs, persistent inflationary pressures, and elevated market valuations.

European markets also diverged. Germany was the standout performer, with the DAX gaining 1.7% as investors responded positively to improving economic indicators, stronger export expectations,

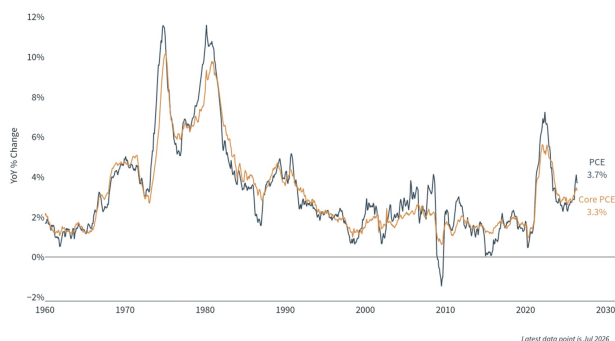
and signs of stabilization in manufacturing activity. France's CAC 40 fell 1.0%, pressured by concerns over fiscal sustainability and increasing political uncertainty ahead of the country's upcoming electoral cycle. Meanwhile, the UK's FTSE 100 finished virtually unchanged, as support from lower energy prices and resilient corporate earnings was largely offset by uncertainty surrounding the global interest rate outlook.

Week in review – US macroeconomics

The week's focus fell squarely on the Federal Reserve's annual Jackson Hole symposium and Chair Warsh's closely watched keynote, set against a busier data slate that included the July PCE report, the second estimate of second-quarter GDP, July durable goods orders, weekly jobless claims, and the Bureau of Labor Statistics' annual benchmark revision to payrolls.

In his first Jackson Hole address as Chair, Warsh struck a decidedly hawkish tone, reaffirming the Fed's commitment to restoring price stability with inflation still well above target, noting that PCE prices were running near 3.7% over the past year. Rather than signal the timing of the Fed's next move, he declared himself "committed to a discipline, not to a decision," leaving a September action open in either direction. The bulk of his message, however, extended his campaign to reshape how the Fed communicates. Warsh argued that forward guidance "has overstayed its welcome" and warned of a "hall-of-mirrors problem," in which markets take their cues from the Fed while the Fed reads its own signals back out of market prices. His prescription, a quieter central bank anchored to real-time data rather than pre-committed guidance, reinforces the reaction-function tension running through recent weeks, one only complicated further by the Treasury's simultaneous efforts to manage the very long-end yields the Fed intends to read.

PCE Inflation



Sources: Clearnomics,
Bureau of Economic Analysis
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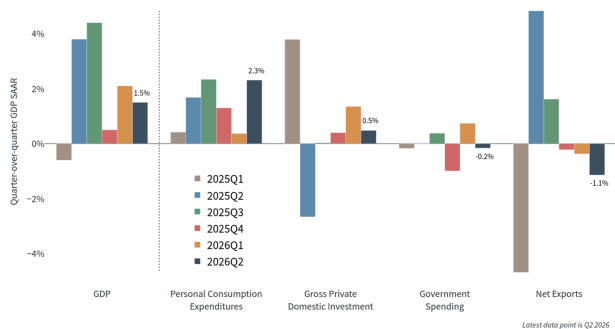
preliminary reading rising 1.1% against the 0.5% expected, the second-best monthly result of the year, even as the ex-transportation figure rose a softer-than-expected 0.4%.

The July PCE report offered a mixed read on the consumer. Personal income rose a stronger-than-expected 0.4%, double the 0.2% forecast, while nominal spending advanced 0.2%, also ahead of expectations. On an inflation-adjusted basis, however, real spending was flat, down sharply from the prior month's 0.4% gain, a sign that rising prices are increasingly eroding households' purchasing power even as headline spending holds up.

Elsewhere, the second estimate of second-quarter GDP left headline growth unchanged at 1.5%, though the details were more encouraging, as consumer spending was revised higher to its strongest pace since Q3'25. Durable goods orders also surprised to the upside, with the July

GDP Growth Components Over Time

Quarterly GDP growth rate (SAAR) and contributions



Sources: Clearnomics,
U.S. BEA
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The labor market, meanwhile, showed little sign of the softening seen in recent payroll reports. Initial jobless claims fell to 203K, below the 208K expected, with the four-week average holding just under 206K, both consistent with historically low levels. Notably, the BLS's annual benchmark revision to nonfarm payrolls trimmed job growth by just 79,000 for the twelve months through March 2026, a strikingly modest adjustment that stands in sharp contrast to last year's downward revision of nearly one million, and one that should help quiet the data-reliability concerns that surrounded the prior release.

Corporate earnings

Corporate earnings this week were led by Nvidia, which again beat estimates with strong results, though its revenue guidance for the coming quarter fell just shy of Wall Street's elevated "whisper" numbers. Strength was also evident across the cybersecurity space, where rising concerns of AI-driven threats continues to fuel demand for digital defenses. More broadly, robust results among several key software names helped ease lingering fears of AI substitution, reassuring investors that artificial intelligence is, for now, augmenting rather than displacing established enterprise-software companies. With these reports, the second-quarter reporting season is now winding down, though earnings for a handful of companies, concentrated in software and retail, remain scheduled for the week ahead.

Week ahead

The week ahead will be dominated by the labor market, headlined by the August nonfarm payroll report, where consensus projects a modest gain of just 45,000 jobs. Coming on the heels of July's outright decline and Chair Warsh's hawkish Jackson Hole address, the report will be closely scrutinized for evidence of whether the recent softening in

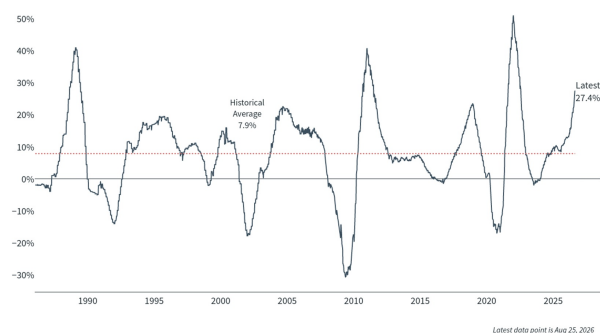
hiring is broadening, and for what it may signal about the Fed’s next move. Ahead of the payroll figures, the JOLTS report will provide a read on job openings and the underlying demand for labor, while the ISM manufacturing and services surveys will offer one of the earliest gauges of economic activity across both sectors in August.

Market and Economic Chartbook | August 30, 2026

GALADO CAPITAL

S&P 500 Earnings Growth Rate

Trailing 12 month earnings per share



Sources: Clearnomics, LLC
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Number of the week: \$96.2 billion

Nvidia’s record revenue for its fiscal second quarter, up 106% from a year earlier and more than double the level of just twelve months ago, an extraordinary pace of growth for a company already ranked among the most valuable in the world. At the heart of the result was the Data Center segment, which alone brought in \$89.0 billion, up 117% year-over-year, as demand for AI computing showed no sign of slowing. Guidance impressed as well, with management projecting roughly \$108 billion in revenue for the current quarter and CEO Jensen Huang declaring that “AI has reached its inflection point.”

For markets, Nvidia’s report is more than a single company’s scorecard. It is the clearest barometer of whether the AI infrastructure buildout that has underpinned the equity rally, and driven the surge in corporate debt issuance behind rising long-end yields, remains on track. The answer for now is an emphatic yes. Yet the same result underscores the market’s growing dependence on a handful of names, as an ever-larger share of index earnings and capital spending flows through a single chipmaker and its hyperscaler customers. Such concentration bears risks, however, a powerful engine while demand holds, but a conspicuous vulnerability should the pace of AI investment or demand falter.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at claudio@caladocapital.com.

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